



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Olene S. Walker
Governor

Kevin S. Carter
Director

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September 3, 2004

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Bryce Haas and B&H Stone Supply, LLC
331 East 200 South
Lindon, UT 84042

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DIV OF OIL GAS & MINING

Gentlemen:

This letter will advise you that on September 3, 2004, the above numbered mineral lease for building stone upon Utah trust lands was cancelled by the Director for non-payment of annual rental due July 1, 2004. Lessee no longer has any rights relevant to the mineral lease and must immediately commence reclamation of all mined land disturbances on the mineral lease-lands. Reclamation must be performed in accordance with Lessee's approved mining and reclamation plan on file with the Utah Division of Oil, gas & Mining.

Also, Lessee has no further rights to use of the surface estate. From date of this letter Lessee has 60 days within which to vacate the surface of the mineral lease-premises of all buildings and structures incident to the mining, processing and production of the leased substances, or for any other purpose. Any buildings or structures remaining on the lease-premises after said Sixty-day period shall be considered abandoned property and may be disposed of in the interest of the trust.

It is noted that Lessee is also presently in default of royalty payments accruing to the lease, including a payment deficiency of \$647.37 in royalty accruing to July 2004 production. Failure of Lessee to pay all past due royalties accruing to the lease may result in interest penalty and legal remedies by the Trust Lands Administration to recover damages to the trust.

Please contact me if you have any questions relevant to cancellation of the lease or the requirements of the Trust Lands Administration in the matter.

Sincerely,

John T. Blake
Mineral Resources Specialist

CC: Tom Faddies
Ron Carlson
Lynn Kunzler ✓
B&H Stone Supply, LLC (Gunnison)